

was prudently conducted, the government did not draw its full credit, and the notes fell but little below par. Their circulation was extended on June n, 1859, to the entire territory occupied by the Sardinian troops.

The bank was reorganized at this time as the National Bank of the Kingdom of Italy, in pursuance of the plans of King Victor Emmanuel for the unification of Italy. Its capital was increased to 40,000,000 liras (\$8,000,000) and three head offices of equal rank were established at Turin, Genoa, and Milan, the latter being a new office within the territory added to the new Kingdom of Italy. The bank resumed specie payments and opened a credit of 18,000,000 liras in favor of the government. Branches were established in 1860 at Bergamo, Brescia, Como, Modena, and afterwards at Ancona and Perugia. The bank absorbed the leading banks of Bologna and Parma and established branches at Ferrara, at Forli, and at Ravenna. The annexation of Naples to the Kingdom of Italy did not result in the destruction of the Banks of Naples and Sicily, but the National Bank was authorized to establish a principal branch at Naples and branches at Catania, Messina, Reggio, and other places in Southern Italy. Branches were also authorized at this time at Pavia, Cremona, and Piacenza.

The character of the National Bank of the Kingdom of Italy was not essentially changed until the Act of August 10, 1893, but its relations to the government constantly grew closer and it was compelled to accept forced legal tender for its notes in order to comply with demands for advances to the State. Suspension of specie payments was decreed at the outbreak of the war in 1866, although the capital of the Bank had been increased by the decree of June 29, 1865, to 100,000,000 liras (\$20,000,000). The provision for the suspension of specie payments, with legal tender quality for the bank-notes, applied only to the National Bank, but the latter was required to furnish circulating notes without charge to other banks of circulation. The depreciation of the bank-notes drove the subsidiary coins out of circulation, and many small banks of deposit, commercial houses, and even retailers, issued